



## 2019 Corporate Social Responsibility Report



## About this Report

Starting from 2018, LandMark Optoelectronics Corporation (hereafter referred to as LandMark or the Company) has been compiling the CSR report to reveal the CSR practical achievement of the Company. The reports presents LandMark's strategies and measures to improve environmental protection, society, and corporate governance. It also includes content about issues which stakeholders are concerned about.

### ■ Reporting Scope

Data contained within this report are from the year 2019 (01/01/2019 to 12/31/2019). All disclosed information and data were prepared by the Company and the financial data was cited from the financial report attested by the accountants. The Company's production and operation are located in Taiwan; therefore, the scope of the report is Taiwan.

### ■ Reporting Guidelines and Principles

This report was written in accordance with the core option (Core) of the GRI Standards issued by Global Reporting Initiative (GRI). Through discussion, the team identified major substantive considerations related to the Company's operations and included the opinions of stakeholders so as to determine the boundary of each consideration and describe corresponding policies. At the end of this report, the GRI standards comparison table is provided for your reference.

### ■ Report Release

The CSR Report is published annually by LandMark and an electronic version of the Report is available on LandMark's website.

Current version: Issued in June, 2020

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### ■ Contact Information

Please do not hesitate to contact us if you have any suggestions or questions regarding the Report.

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## Letter from the Chairman

Business performance is no longer the sole goal of the Company's operation. Company-related issues such as the environment, social responsibility, and ESG, etc. shall not only be stakeholders' concern but also be the goals the entrepreneur endeavors to achieve. In 2019, LandMark organized the "Corporate Sustainability Committee" to assist the Board in implementing CSR and SDGs (Sustainable Development Goals). We will continue to conduct periodical review of company-related issues and respond to crucial issues of concern to the public and investors in a transparent and open manner to demonstrate the efforts we put on CSR and the improvement plans for the future.

LandMark has devoted to corporate governance for years and ranked the top 5% in the corporate governance evaluation among TPEX-listed companies in 2018 and 2019. The Company manifests the culture of corporate governance by continuing to promote and optimize its corporate governance and enhance its management, which in turn can lead to sustainable operations.

In terms of the workplace environment, LandMark observes the latest domestic and international laws & regulations and standards as the basis for self-improvement. Internally, the Company continues to promote environmental protection activities, fulfill management system requirements and maintain a safe workplace. We have clear goals in water & energy conservation and reducing hazardous industrial waste which are managed by regular review and follow-up. It is our faith to commit ourselves to combat climate change.

LandMark emphasizes employee relations and social participation. The Company values its employees as the cornerstone of the Company's development. We provide amiable work environment, favorable working conditions, and appropriate training courses so each employee can reach their full potential. In 2019, we continue our community care by extending the project with "Tainan Home of Philanthropy" to fulfill children's wishes on Christmas Eve, and cooperating with "Taiwan Fund for Children and Families Tainan" in a project to help children continue their education.

Looking forward, LandMark will stick to its spirit of integrity and self-surpassing to keep innovating and creating value in anticipation of collaborating with the stakeholders on a better future.



Ching Yi Chang  
Chairman and Corporate Sustainability  
Committee Chairperson

## 2019 Achievements and Corresponding SDGs

	
<p>Corresponding section:</p> <p>5.2 Talent Recruitment and Cultivation 5.3 Safe and Healthy workplace 5.4 Social Welfare</p> <ul style="list-style-type: none"> <li>• To subsidize “Project hope for education” in collaboration with Taiwan Fund for Children and Families Tainan and help disadvantaged children with their tuition.</li> <li>• LandMark ♥ Sharing. After asking children about their wishes for Christmas, the staff devoted themselves in realizing such wishes and sent the gifts to the kids.</li> <li>• The total training hours amounted to 5,394 hours.</li> </ul>	<p>Corresponding section:</p> <p>5.1 Labor Rights</p> <ul style="list-style-type: none"> <li>• The rate of employees returning from the paternal leave reached 100%.</li> <li>• The ratio of employees with disabilities is 1%.</li> <li>• To establish an online survey “HR Cares About You” to offer multiple and open channel for employees to report their opinions to maintain harmonious labor relation.</li> <li>• Complaint about human right: No human right complaint was filed; no relevant misconduct was revealed by internal audit.</li> </ul>
	
<p>Corresponding section:</p> <p>4. Environmental Sustainability</p> <ul style="list-style-type: none"> <li>• The greenhouse gas emission was 8,073 tons of CO2 e/year.</li> <li>• The company conserved 259,874KWH in total with the annual electricity conservation rate reached 1%.</li> <li>• In 2019, the company conserved about 1,160 tons of water.</li> <li>• The wastewater treatment fulfills the criteria of Tainan Science Parks Administration office.</li> <li>• Construction plan of the new factory fulfills the criteria and regulations of green architecture.</li> <li>• The company observes the international regulations on use of hazardous materials implemented by RoHS and REACH and requests the suppliers and partners to follow relevant regulations.</li> <li>• The company forbids the use of conflict mines.</li> <li>• The company has obtained the ISO14001 and IECQ QC 080000 certifications.</li> </ul>	<p>Corresponding section:</p> <p>2.2 Operating Performance 5.1 Labor Rights</p> <ul style="list-style-type: none"> <li>• Number of employees: 330 people.</li> <li>• The revenue in 2019 was NT\$2.136 billion, and the EPS was NT\$4.97.</li> </ul>

# **1. Sustainable Communication**

## **1.1 Sustainable Development**

### **Commitment**

## **1.2 Communication with the Stakeholders**

## **1.3 Major issues and Borderline**

# 1.Sustainable Communication

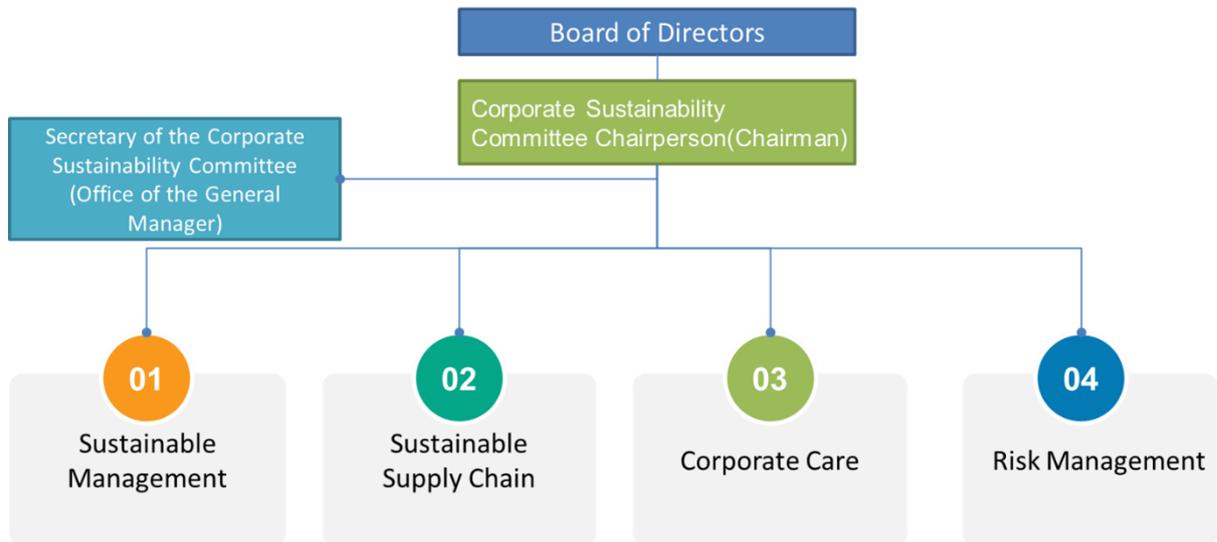
## 1.1 Sustainable Development Commitment

LandMark values its corporate citizenship and devotes itself in fulfilling its corporate social responsibility while pursuing better business income and profit. Meanwhile, it emphasizes various aspects of social commitment, including labor-management relationship, employee compensations, corporate governance, environmental protection, and social welfare. The company fulfills the stakeholders' expectations by following legal regulations, protecting work rights, ensuring a healthy and safe workplace, reducing the impact on the environment.

- **Corporate Sustainability Committee**

The Corporate Sustainability Committee, the top unit of guidance, was established with the resolution of the Board in December, 2019, which shows the determination of LandMark in implementing relevant measures. The chairman Mr. Ching Yi Chang served as the committee chairperson, and three to five Directors were elected by the Board as the committee members, the majority of whom being independent directors.

The committee supervises several functional groups, including “sustainable business, sustainable supply chain, corporate care, and risk management.” Each of the units does their part in promoting and implementing relevant measures of environmental protection, society, supply chain management, risk management, and information security. The committee guided LandMark to achieve mid-term and long-term goals as well as report to the Board about the plan and outcome of implementation.



## ● Sustainability Policy and Commitment

- To pursue corporate sustainability and emphasize management in economic, environmental, and social aspects.
- To consider risks while creating the best profits for customers, shareholders, employees, and relevant stakeholders.
- To observe relevant regulations and fulfill international criteria and standards.
- To strengthen partnership to realize value of the chain collaborative businesses.
- To reduce the impact on the environment, mitigate climate change, and maintain a balanced eco-system.
- To respect and protect human right by valuing equality, multiple development, and labor rights.
- To offer a friendly workplace by cultivating talents and creating a healthy and safe work environment.
- To participate in philanthropic activities and devote for social welfare.

## 1.2 Communication with the Stakeholders

- **Stakeholders and major topics identification**

According to its own operating characteristics and the discussions through inter-departmental meetings, LandMark has identified the following main stakeholders: shareholders (investors), employees, customers, suppliers (contractors), and government agencies (the competent securities authority, Science Parks Bureau, Environmental Protection Bureau, Ministry of Labor, etc.), and also followed the sustainable reporting guidelines of GRI to set the major topics through inter-departmental discussions with the five-step cycle: collection, identification, sorting, confirmation, and review.



## • Communication with and response to stakeholders

Stakeholders	Communication channels and frequency	Focused issues	Competent sectors	Responses of LandMark
Shareholders / Investors	<ul style="list-style-type: none"> <li>• Regular shareholders meeting (annual)</li> <li>• Institutional Investors' Conference (at least once a quarter)</li> <li>• Financial report (quarterly, yearly)</li> <li>• Company website (irregular)</li> <li>• Investors Relation Mailbox (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Operating performance</li> <li>• Legal compliance</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Management Division</li> <li>• Environment, Safety and Health Office</li> </ul>	2.2 Operating Performance 3. Corporate Governance 3.2 Corporate Risk Management
Employees	<ul style="list-style-type: none"> <li>• Labor-management Meeting (quarterly)</li> <li>• Staff Welfare Committee Meeting (quarterly)</li> <li>• HR Cares About You (irregular)</li> <li>• Bulletin board / Suggestion Box (irregular)</li> <li>• Sexual harassment complaint direct line and e-mail (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Labor relations</li> <li>• Human resources cultivation</li> <li>• Occupational safety and health</li> <li>• Operating performance</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Department</li> <li>• Environment, Safety and Health Office</li> <li>• Finance Department</li> </ul>	2.2 Operating Performance 5.1 Labor Rights 5.2 Talent Recruitment and Cultivation 5.3 Safe and Healthy Workplace
Customers	<ul style="list-style-type: none"> <li>• Video / teleconference (irregular)</li> <li>• Visiting customers (irregular)</li> <li>• On-site Audit by Customers (irregular)</li> <li>• Customer satisfaction survey (annual)</li> </ul>	<ul style="list-style-type: none"> <li>• Business secret</li> <li>• Product quality management</li> <li>• Supply chain management (RBA)</li> <li>• Hazardous substance management</li> <li>• Innovation and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>• Sales Division</li> <li>• Quality Engineering Division</li> <li>• Purchasing Division</li> <li>• Environment, Safety and Health Office</li> <li>• R&amp;D Division</li> </ul>	3.3 Customer Service 3.4 Supply Chain Management 4.5 Wastes Management
Suppliers/ Contractors	<ul style="list-style-type: none"> <li>• Supplier Audit (irregular)</li> <li>• Supplier education and training (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Product quality and safety</li> <li>• Operational condition</li> </ul>	<ul style="list-style-type: none"> <li>• Purchasing Division</li> <li>• Quality Engineering Division</li> <li>• Management Division</li> </ul>	3.4 Supply Chain Management
Government	<ul style="list-style-type: none"> <li>• Correspondences with the government (irregular)</li> <li>• Corporate Governance Evaluation (annual)</li> <li>• Announcement on the Market Observation Post System (irregular)</li> <li>• Seminars and public meetings held by the competent authorities (irregular)</li> <li>• Questionnaire (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Labor relations</li> <li>• Environmental protection issues</li> </ul>	<ul style="list-style-type: none"> <li>• Management Division</li> <li>• Human Resources Department</li> <li>• Environment, Safety and Health Office</li> </ul>	3. Corporate Governance 4. Environmental Sustainability 4.4 Water Resource Management 4.5 Wastes Management

## 1.3 Major issues and Borderline

### Major topic list

Major topics	How does LandMark manage?	Information corresponding to International Indicator		Chapter to respond	Association with LandMark value chain		
		GRI	SDGs Goals		Suppliers	LandMark	Customers
Company Governance	<ul style="list-style-type: none"> <li>Complies with laws and regulations, implemented the principles of corporate governance.</li> <li>Improves the operation of board of directors and the effective internal control system.</li> <li>The Company and all employees follow the code of conduct.</li> </ul>	GRI 102		3. Corporate Governance		●	
Economic Performance	<ul style="list-style-type: none"> <li>Keeps innovating R&amp;D and improving of product quality.</li> <li>Has been actively participated in the R&amp;D of customers' product technology.</li> <li>Expands production capacity, applies lean production and enhances production efficiency.</li> </ul>	GRI 201		2.2 Operating Performance		●	●
Energy management	<ul style="list-style-type: none"> <li>Has been keeping an effective environmental management system.</li> <li>Set the targets of energy saving and emission reduction for water and electricity to reduce the generating amount of hazardous industrial waste, to which the Company has also implemented management plans and reviewed progress regularly.</li> </ul>	GRI 303 GRI 305 GRI 306	 	4. Environmental Sustainability	●	●	●
Labor relation	<ul style="list-style-type: none"> <li>Complies with labor laws, improves and implements human resource management.</li> <li>Holds labor conferences regularly, establishes diversified communication channels to create a harmonious Labor relation.</li> <li>Enhances employee welfare to increase employee satisfaction.</li> </ul>	GRI 402	 	5.1 Labor Rights	●	●	●
Occupational Safety and Health	<ul style="list-style-type: none"> <li>Implements a management system for the occupational safety and health to build a safe and healthy workplace.</li> <li>Promotes and keeps improving to avoid occupational disasters.</li> </ul>	GRI 403		5.3 Safe and Healthy Workplace	●	●	●

## Major Issues Management

SDGs	Major topics	Sustainable Goals	Results in 2019	Future Directions and Plans
	Company Governance	To improve corporate governance system and to reduce its operational risks.	<ul style="list-style-type: none"> <li>Ranked the Top 5% in 2019 Corporate Governance Evaluation among TPEX-listed Companies.</li> </ul>	<ul style="list-style-type: none"> <li>Keep improving corporate governance evaluation index compliance to strive for staying in the top 5% of listed companies in the Corporate Governance Evaluation.</li> <li>Keep promoting education and training related to the issues about business integrity.</li> </ul>
	Economic Performance	To keep sound and stable finance management and to create good operating performance with durative profit.	<ul style="list-style-type: none"> <li>The operating revenue in 2019 was NT\$ 2.136 billion.</li> <li>The ROE (Return On Equity) was 11.12%.</li> <li>The cash dividend per share was NT\$ 4.</li> </ul>	<ul style="list-style-type: none"> <li>The company keeps making profits to reach the operating goals set by the board of directors.</li> <li>The company has been devoted to product renovation and development.</li> </ul>
 	Energy Management	To enhance the energy management and to improve energy efficiency in order to achieve the goals to keep stable production and to save energy and reduce wastes.	<ul style="list-style-type: none"> <li>About 259,874kWh was saved.</li> <li>About 1,160 tons of water was reduced in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Promote measures to reduce greenhouse gas.</li> <li>Keep promoting the energy-saving control program, review progress regularly and enhance energy-saving effectiveness.</li> <li>Install solar power generator on the roof of the plant to provide green energy.</li> </ul>
 	Labor Relation	To keep sustainable development of human resource, to create good Labor relation, and to unite employees' cohesion for the company.	<ul style="list-style-type: none"> <li>The total hours of education and training in 2019 was 5,394 hours.</li> <li>Four labor-management meetings were held in 2019.</li> <li>Employee relation activities such as Family Day and Hot Pot Day on Mood Festival were held in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Plan the recruitment, cultivation and retention of human resource to attract and retain outstanding employees.</li> <li>Build diversified and unblocked communication channels for employees and keep caring for them to create a harmonious labor relation.</li> <li>Keep holding employee relation activities to enhance employees' recognition.</li> </ul>
	Occupational Safety and Health	The Company continued to promote healthcare projects.	<ul style="list-style-type: none"> <li>No event of occupation hazard happened in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>The company promoted "We Care" healthcare project.</li> <li>The company has managed to prevent any event of workplace hazard and occupational diseases from happening.</li> </ul>

## **2. Business Operation**

### **2.1 About LandMark**

### **2.2 Operating Performance**

## 2. Business Operation

### 2.1 About LandMark

LandMark was established in 1997 and headquartered in the science park in the southern Taiwan, which uses organic metal vapor phase epitaxy (OMVPE) to manufacture and produce Epi-wafer from InP, GaAs or other related materials. Moreover, the Company can provide customers with component design, growth, process, verification, and professional services for back-end applications and is currently one of the most advanced professional epitaxy house in Taiwan.

Company name: LandMark Optoelectronics Corporation

Founding date: June 2, 1997

Industry category: Communications and Internet

Products and services:

- Epi-wafer for Laser Diode (LD)
- Epi-wafer for Photo-detector (PD)

Chairman: Ching Yi Chang

General Manager: Roger Lo

Number of employees: 330

Paid-in capital: NT\$ 910 million

Revenue in 2019: NT\$ 2.136 billion

Net profit after tax in 2019: NT \$450 million



[Company Website](#)



[2019 Annual Report](#)



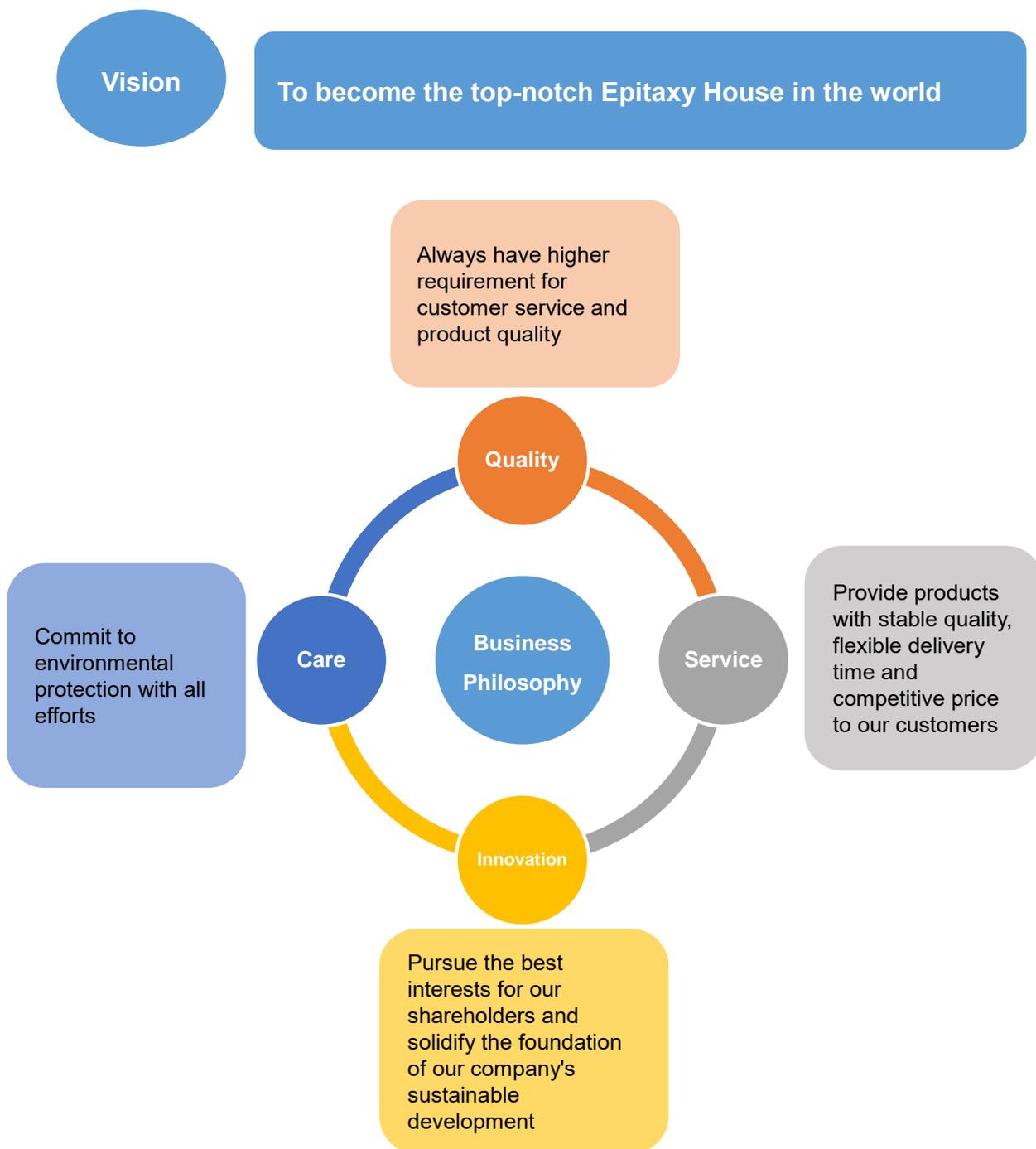
Factory No. 1



Factory No. 2

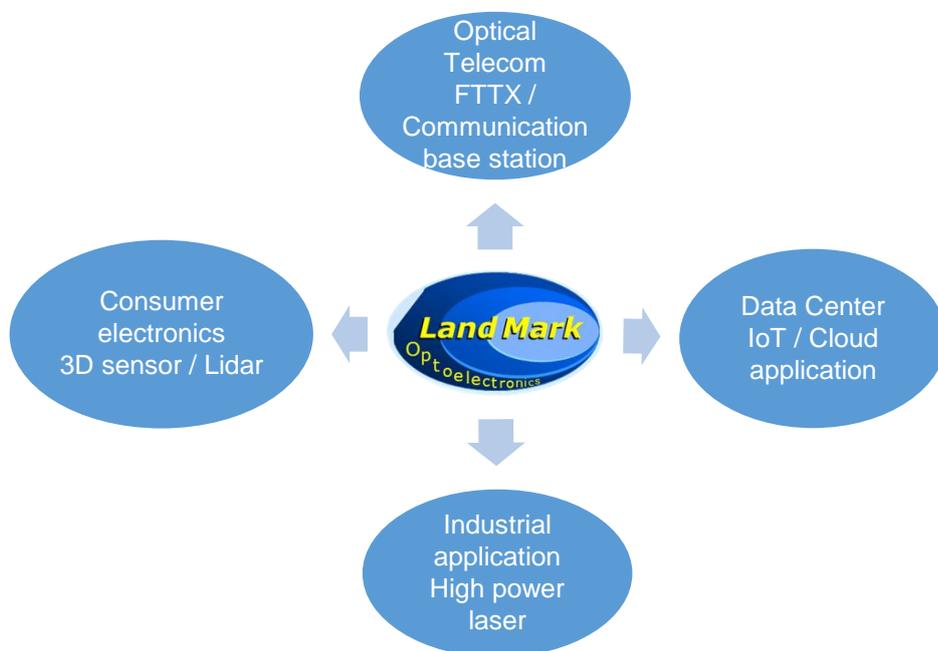
• **Philosophy and vision**

LandMark manifests the core value of the corporation by promoting its vision for operation and its mission. It focuses on the sustainability of the company, so it is crucial to establish a long-term goal and an achievable objective. LandMark’s vision and philosophy for operation are conceptualized as below:

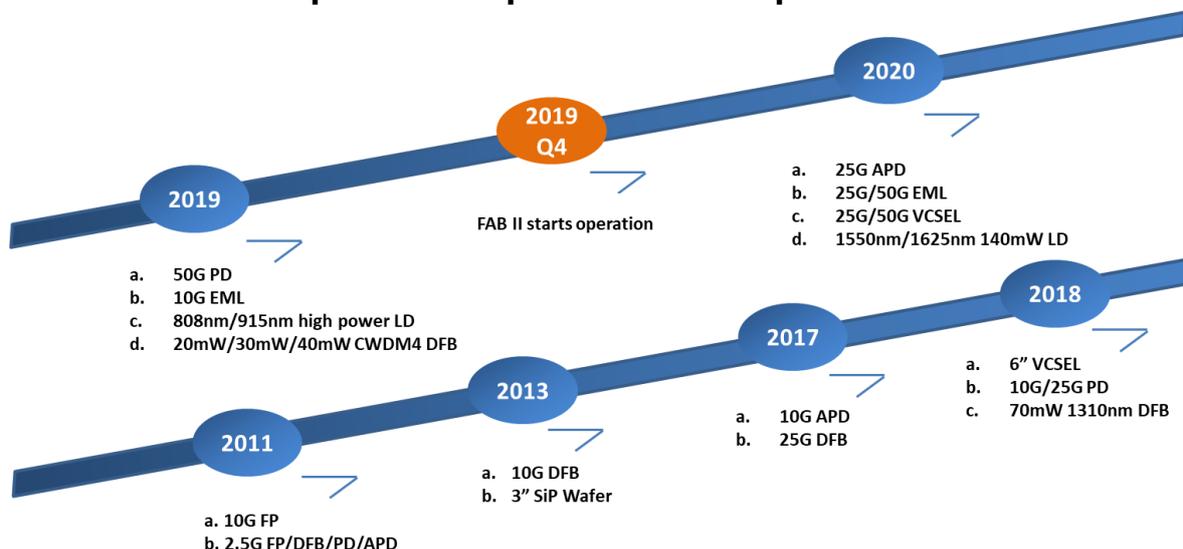


• **Product application**

The Epi Wafer produced by the company is a key component used in optical fiber communication (FTTx / communication base station), data center, etc., which has the technology and quality recognized and trusted by our customers and therefore is very famous internationally. Besides, in recent years, our company has been actively developing suitable Epi Wafer in different application markets such as consumer electronics, industrial, material processing equipment, and so on to provide middle and downstream customers with Epi Wafer and technical support in different application markets.



• **Milestones for product of product development**



● **Participation in external associations**

LandMark has actively participated in industrial associations and guilds and through which obtained optical communications industry information so as to continue observing changes in the related industrial development and to collect relevant market information in order to grasp the market trends. The main associations and guilds in which the Company participated in 2019 are as follows:

Associations	Position	Participation benefits
Photonics Industry & Technology Development Association (PIDA)	Member	Be aware of the industry trends and information
The Allied Association for Science Park Industries	Member	Be aware of the industry trends and information

● **Operation Management System**

LandMark has obtained ISO 9001 quality management system certificate, ISO 14001 environmental management system certificate and IECQ QC 080000 hazardous substance management system certificate.



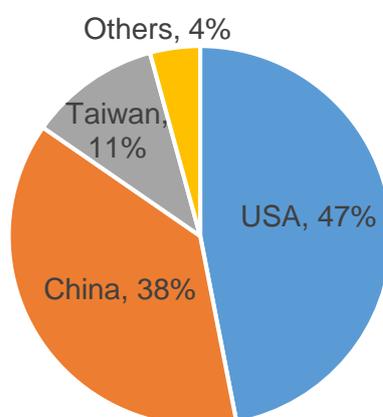
## 2.2 Operating Performance

- **Operating Results**

The revenue of LandMark in 2019 was NT\$ 2.136 billion, its operating profit was NT\$ 534 million, after tax net profit was NT\$ 450 million and earnings per share was NT\$ 4.97 so the return on shareholders' equity was 11.12%.

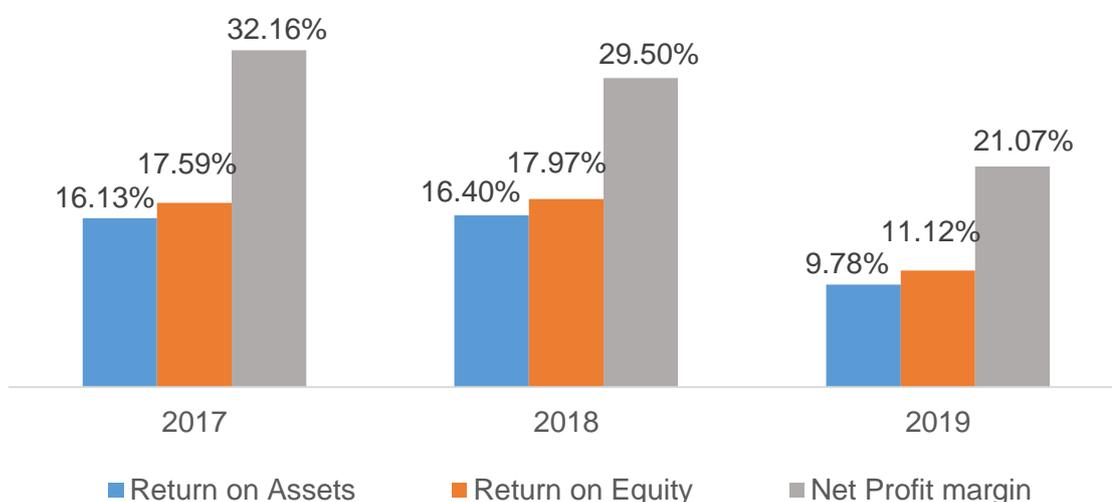
- **Product sales areas and their proportions**

Aales areas and their proportions in 2019



- **Profitability**

LandMark 's operations has been stable and keeping making profit. The profit in the past three years is as follows:



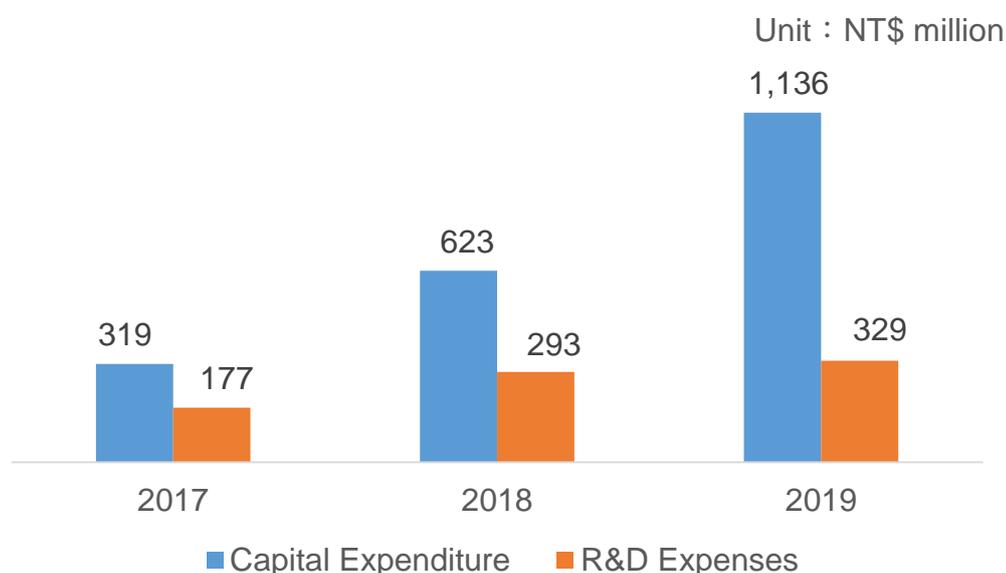
- **Surplus distribution**

The surplus distribution in the past three years is as follows:

	2017	2018	2019
The surplus for distribution (NT\$ million)	453	455	364
Dividend per share (NT\$)	5	5	4
Dividend Payout Ratio	68.77%	64.85%	80.48%

- **Capital expenditure and R&D expenses**

In addition to the distribution of cash dividends to shareholders, the Company's surplus has been invested in capital expenditures and R&D expenses in accordance with the business strategies. In 2019, the Company has not only kept developing various products and technologies to ensure its own growth momentum, but also involved itself in many projects about co-developing new products in accordance with customer needs. The R&D investment in research was NT\$329 million, which has increased by 12% over the previous year; as for the capital expenditure, the Company has built a second factory in Tainan Science Park to expand production capacity to meet the market demand in the future. The capital expenditure and R & D expenditure in the past three years are as follows:



- **Government subsidy**

The information related to the investment in R&D expenses that the Company has applied for government subsidies and for deductions in the profit-seeking enterprise income tax payable is as follows:

Unit : NT\$ thousands

Item	2017	2018	2019
R&D Deduction	5,295	4,736	12,643
Smart Machinery Investment tax credits	-	-	6,644
A+ Industrial Innovative R&D Program	4,019	3,095	-
Total	9,314	7,831	19,287

- **Economic value distributed to stakeholders**

Unit : NT\$ thousands

Item	Basic Factor	2017	2018	2019
Produced direct economic value	Revenue	2,038,618	2,362,205	2,136,270
Distributed economic value	Operating costs	577,520	681,823	713,384
	Employee salary and welfares *Note 1	358,061	404,521	395,579
	Payments to investors*Note 2 (cash dividends)	724,717	452,860	454,841
	Payments to government *Note 3(income tax)	176,095	118,843	205,904
Remaining economic value (Produced-Distributed)		202,225	704,158	366,562

Note 1: including salary, labor and health insurance, pension, director's remuneration, benefits for other employees and other employment costs

Note 2: cash dividends paid for that year

Note 3: income tax paid for that year

The amounts listed above were drawn up in accordance with International Financial Reporting Standards and verified by the accountant.

## **3. Corporate Governance**

**3.1 Corporate Governance Structure**

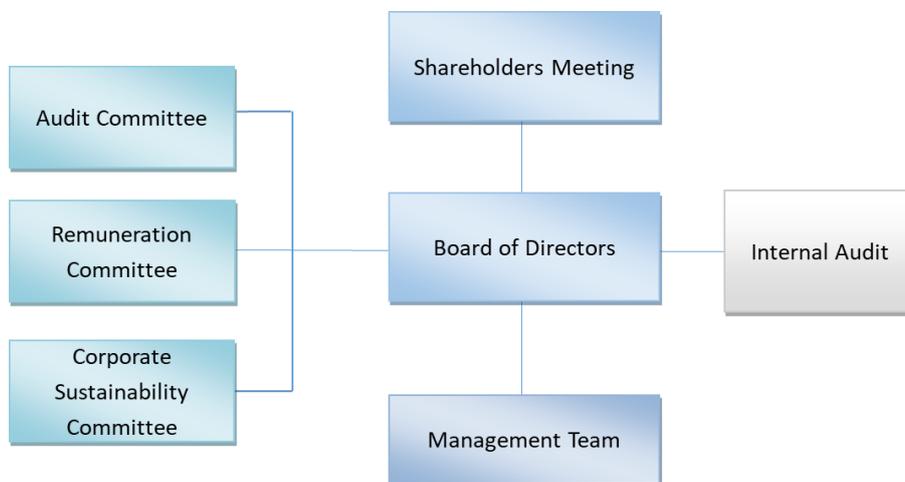
**3.2 Corporate Risk Management**

**3.3 Customer Service**

**3.4 Supply Chain Management**

### 3. Corporate Governance

#### 3.1 Corporate Governance Structure



LandMark has established functional committees under the supervision of the Board, including Audit committee, Compensation Committee, Corporate Sustainable Development Committee, so as to assist the Board in professional corporate governance affairs. Organization-wide changes in 2019:

The Corporate Sustainability Committee has been established recently. LandMark has established the “Corporate Sustainability Committee” which is supervised by the Board in December, 2019. The committee is in charge of making relevant policies, decisions, and supervising measures of corporate sustainable development. Several functional units are subordinate to the committee, including “sustainable operation,” “sustainable supply chain,” “Corporate care ,” and “risk management.” Each unit is authorized to deal with affairs of different aspects, including the aspect of the environmental protection, social care, supply chain management, ethical operation, risk management, and information security.

- **Board of Directors**

Being the highest unit of corporate governance and the major decision maker of the company, the Board of directors are responsible for establishing appropriate system for governance, appointment and offer guidance for managerial personnel, monitor operational performance, resolve important matters, observe the legal regulations as well as Articles of the Company, or implement its authorized rights in shareholders' meeting. The company has specified the principles for diversified composition of the Board. Members of the Board should include regular directors with different competences as well as independent directors with different professional background for effective operation of the Board. Information about the Board members, including background, education, age, the position in other company that the directors is concurrently taking, operation of various committees, have been revealed in the Annual Report and publicized in MOPs as well as the section for latest announcement on the official website of the Company (<http://www.lmoc.com.tw/>).

- Composition and Operation of the Board of Directors

Title	Name	Double as	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)
Chairman	Ching Yi Chang	CSO	6	—	100%
Director	Wei Lin	CTO	6	—	100%
Director	Jerry Yang	CFO	6	—	100%
Director	Yong Hong Lu	None	6	—	100%
Independent Director	Bob Tseng	None	6	—	100%
Independent Director	James Wang	None	6	—	100%
Independent Director	Yong Chang Chen	None	6	—	100%

According to the Company's "Rules and Procedures of the Board of Directors Meetings," the Board should convene at least a meeting each quarter. In 2019, the Board convened 6 meetings in total with an attendance rate of 100%. Major matters such as significant investment project, annual financial report, and other matters that should be resolved by the Board according to relevant laws, should be publicized on the MOPs and revealed on the Company's website (<http://www.lmoc.com.tw/>) as well as its annual report.

➤ On the job training for directors

With corporate governance and CSR issues gaining more concerns in the international society, the Company would encourage the directors to continuously participate in on-the-job training courses; all the directors have attended courses of at least 6 hours. The courses cover different themes, including accounting, laws, corporate governance, and CSR issues, and the directors attended the courses of 54 hours in total. Please refer to "On-the-job training of the Company's directors in 2019" on page 35 in 2019 Annual Report of Shareholders Meeting.

➤ Evaluation on the Board of Directors' performance

LandMark has been implementing performance evaluation based on "Evaluation of Board of Directors' Performance" since 2016 for optimizing effectiveness of corporate governance and competence of the Board. The outcome is submitted to the Board of Directors meeting. In November, 2019, the external institute, Taiwan Corporate Governance Association, was entrusted to conduct evaluation on the Board of Directors' performance.

➤ **Directors' Remuneration**

Each director is paid based on how much the directors participated in the operating policies and on how high the company profit was. Directors' emoluments consist of reward, traffic allowance, business executive costs and remuneration. According to the regulations of the Articles of Association, the reward for the directors of the company is one percent provided from the profit as directors' remuneration, which is distributed according to how much the directors' participation in the company operations and contribution to the company is.

➤ **Principles of Avoiding and Managing the Conflicts of Interest**

If the items of the meeting are related to directors directly or to the legal person they represent, they should explain the importance about their interests at the current meeting of board of directors. If the conflicts of interest may be harmful to the interests of the company, the directors shall not vote on behalf of other directors but instead avoid joining the discussion and the vote. The interest conflict of directors is stated in the minutes of the meeting.

• **Composition and operation of the functional committees**

Audit Committee	Remuneration Committee	Corporate Sustainability Committee
<p>Convener : James Wang Independent Director</p> <p>Members : Bob Tseng Independent Director Yong Chang Chen Independent Director</p>	<p>Convener : Bob Tseng Independent Director</p> <p>Members : James Wang Independent Director Yong Chang Chen Independent Director</p>	<p>Convener : Ching Yi Chang Chairman</p> <p>Members : James Wang Independent Director Bob Tseng Independent Director Yong Chang Chen Independent Director</p>

<b>Convene the meetings</b>			
Functional Committees	Convene meetings by Charter	Convened meetings in 2019	Attendance Rate (%)
Audit Committee	4	5	100%
Remuneration Committee	2	2	100%
Corporate Sustainability Committee	1	-( Note )	-(Note)

Note: Established in December, 2019

Relevant information of major resolutions by each committee of the company in 2019 has been displayed in the Annual Report (on page 19 and page 37 of 2019 Annual Report). The obligations, operation, and other relevant information have been publicized on the Company's website: (<http://www.lmoc.com.tw/>).

#### • **Business Integrity**

LandMark has established the “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conducts” to regulate the Company's directors, managers, employees, appointed personnel, or any person who has substantial power over the Company. The aim is to prevent unethical conducts and conflict of interest. Also, stakeholders of the company shall be informed about the above-mentioned standards to enhance the implementation of the rules.

- Every year, the Company regularly reports the implementing condition of business integrity management to the Board of Directors. No related matters have been found that violate the business integrity on the current report to the Board of Directors on December 17, 2019.
- Training condition of business integrity: the Company conducts internal and external education and training about the issues of business integrity every year. The number of attendees of the education and training in 2019 was 337 (total 383 hours).

- **Corporate Risk Management**

LandMark has established systematic policy and procedures in response to risks in regards of the changes in global economic environment and risks in sustainability. The Company would evaluate and manage potential risks in three major aspects of economy (including corporate governance), environment, and society. It could minimize the possible impact by transferring the risk as well as eliminating or avoiding relevant managerial strategies and responsive measures.

- **Risk Management Structure and Procedure**

Being the top administrative unit of risk management in the organization, the Board of Directors is responsible to ensure that the Company observes the laws as well as promotes and implements the risk management measures. It should also have clear understanding about the risks, assure effectiveness of risk management procedures, and take the ultimate responsibilities for such measures. The functional committee – Corporate Sustainability Committee is subordinate to the Board of Directors. It supervises the risk management unit. The team is authorized to deal with risk management affairs and regularly report to the Corporate Sustainability Committee about the outcome of risk management measures.

Procedures of Risk Management	
Risk Identification	<p>An irregular risk assessment will be performed for operations within the following variation ranges:</p> <ul style="list-style-type: none"> <li>• Changes in the organizational structure;</li> <li>• Major changes made to the management system;</li> <li>• Changes in operating procedures;</li> <li>• When there is a major customer complaint or major management system abnormality, the corrective measures need to change the result of risk assessment;</li> <li>• Changes in laws and regulations;</li> <li>• Changes in other internal and external issues;</li> <li>• When new products or services / new customers are introduced;</li> <li>• When major issues concerned by the stakeholders' changes;</li> <li>• When the emergency response plan is changed;</li> <li>• When planning facilities or new equipment at the workplace</li> <li>• Significant impacts on the product due to the measurement equipment failure;</li> <li>• When the production process is changed;</li> <li>• When the supplier is changed;</li> <li>• Major environmental management abnormality</li> </ul>
Risk Assessment	<p>Assess comprehensively the scale of the risks from three aspects:</p> <ul style="list-style-type: none"> <li>• Severity</li> <li>• Probability</li> <li>• Effectiveness of current controls</li> </ul>
Solution for Risks	<p>Propose response actions and plans for the risks to improve risks or to increase opportunities in order to reduce operational risks</p>

• **The identification of the major risk categories and the solutions**

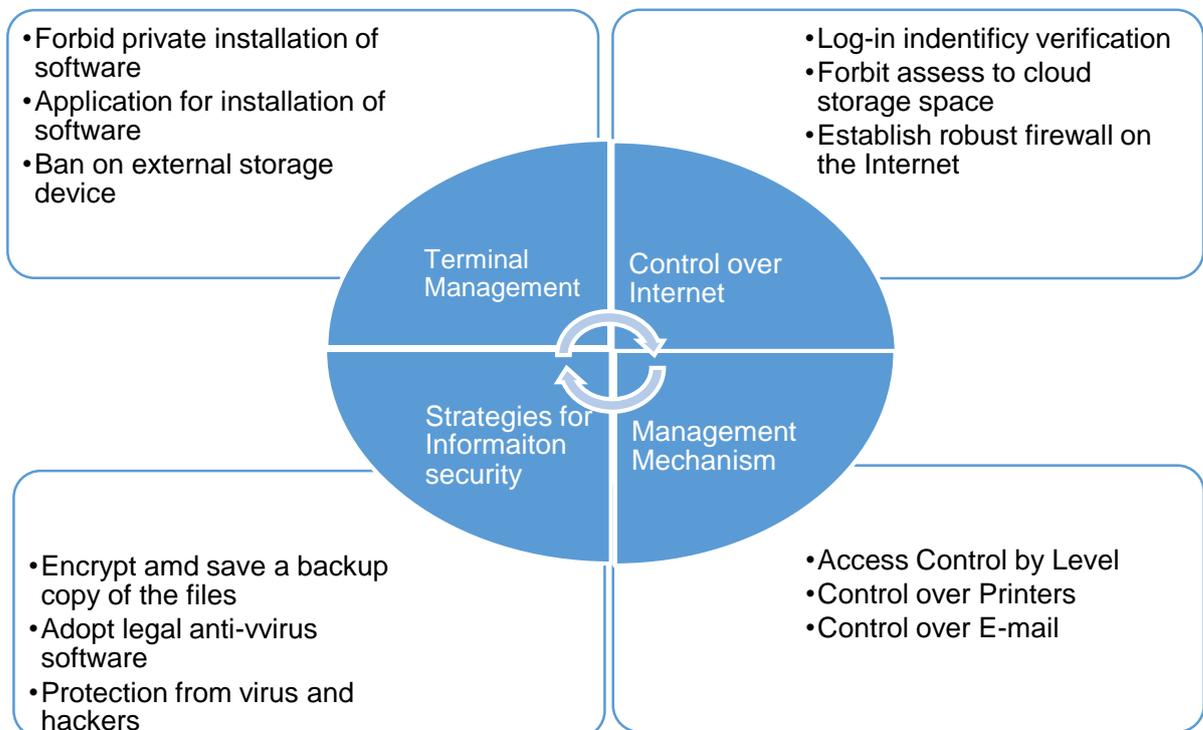
Aspects	Identification of Risk categories	Response Strategy
Economic Aspect	Finance Management of operation Regulations Audit and internal control Corporate investment Public / Shareholders relations	Please refer to Chapter Seven “Financial Condition and Evaluation On financial performance and risks,” Section six “Evaluation on Risk Matters as of the printing date of the Annual Report” in the 2019 Financial Report.
	Product and security management	<ul style="list-style-type: none"> <li>• Observe the ISO 9001 Quality Management System</li> <li>• Follow the international criteria and standards of clients in product design</li> <li>• Enhance professional competence of the team</li> </ul>
	Supply chain management	<ul style="list-style-type: none"> <li>• Ensure that the product and supply chain exclude diamond from illegal or conflict zones</li> <li>• New Criteria for choosing suppliers</li> <li>• Educational training for the supplier</li> <li>• Manage and offer guidance according to the characteristics and risk level of the supplier</li> </ul>
	Ethical practice and Anti-corruption	<ul style="list-style-type: none"> <li>• Establish “Codes of conduct,” “Ethical Corporate Management Best Practice Principles,” and “Procedures for Ethical Management and Guidance for Conduct.”</li> <li>• Offer training sessions of ethical conducts and anti-corruption to employees</li> <li>• Establish a channel for complaint and report which is not controlled by the supervisors</li> </ul>
	Risk in Digital and information security	<ul style="list-style-type: none"> <li>• Implement educational training for information security</li> <li>• Conduct periodical internal audit of information security to ensure proper implementation of relevant measures</li> <li>• To Establish the information security technology to prevent intrusion of external hackers and leak of confidential data</li> </ul>
Environmental Aspect	Climate change risk	<ul style="list-style-type: none"> <li>• Establish administrative system of Green factory</li> <li>• Implement the project to reduce carbon emission</li> <li>• Inspect and manage the use of resources</li> </ul>
Social Aspect	Workplace safety	<ul style="list-style-type: none"> <li>• Observe the relevant regulations and establish regulations for managing various operations</li> <li>• Inspection on fulfillment of environmental protection laws is conducted regularly by Workplace Security and Health Committee</li> </ul>
	Management on Risk of human resource	<ul style="list-style-type: none"> <li>• Regularly check and inspect human resource</li> <li>• Plan and implement educational training sessions for employees</li> <li>• Design competitive remuneration and employee welfare package</li> <li>• Complete training and local talent development plan</li> </ul>

• **Information Security Management**

The company has established operational procedures for treatment of information processing system on the computer and properly implement the policy for internal control and information security.

Aims of the electronic information security policy:

- To organize training session and propaganda for information security
- To protect confidential information of the Company
- To respect intellectual property and protect information of the client and the Company
- To prevent computer virus attack
- To ensure that all information security incidents or glitches can be reported to the supervisors, and such cases can be investigated and handled properly
- To observe regulations in relevant laws or provisions to keep the Company operating
- To Establish the information protection system



### 3.2 Customer Service

- **Quality Management System**

LandMark obtained certification to ISO 9001 Quality Management System and also established a quality policy to ensure the effective implementation of this system to enhance the quality and yield of products so as to achieve the policy and goal about quality and hazardous substances free (HSF) so that the Company can meet customers' needs.

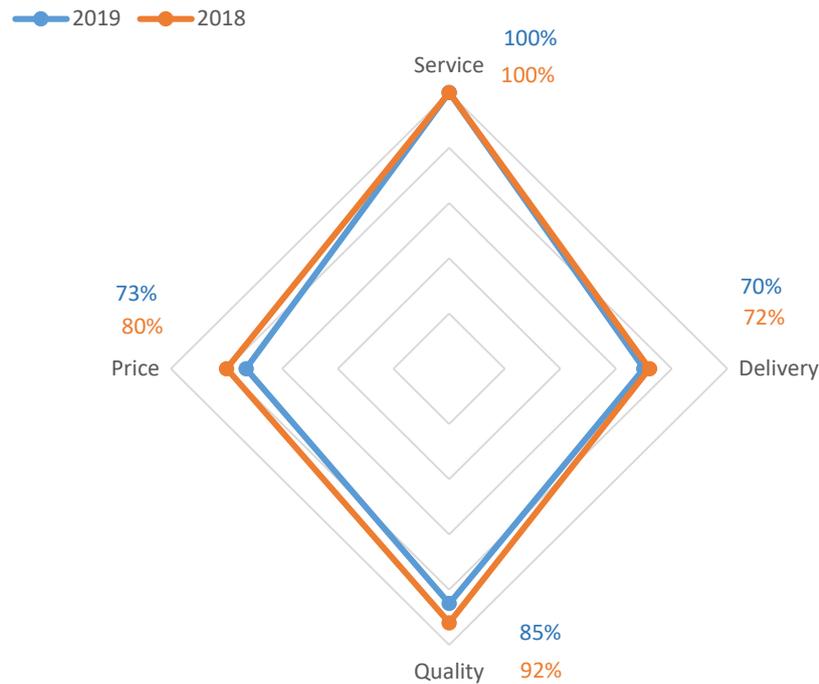
The company's quality policy is as follows:

- Ensure good quality control and satisfy customers' needs
- Keep improving management system to produce excellent products
- Reduce the costs and improve the yield, so as to enhance the competitiveness of our products
- Research and develop prospective products to get a head start in the profit competition.

- **Customer Satisfaction**

LandMark is committed to providing the best service to our customers and we believe that it is the only way to achieve sustainable operation by valuing customers' opinions, satisfying customers' needs, obtaining affirmation and long-term support of customers. Feedback from customers has always been the motivation for the company to keep making improvement. Sales personnel send "Customer Satisfaction Questionnaire" to customers who have used our products every year to conduct a survey customer satisfaction in order to understand and collect customers' needs and expectations. After the questionnaires are collected, the customer satisfaction statistics will be analyzed.

The results of the customer satisfaction survey are as follows:



- Protect and Respect Customers' Intellectual Property**

LandMark has established confidentiality related policies in the "Procedures for Ethical Management and Guidelines for Conduct". The company strictly follows relevant operating regulations of intellectual property. Employees are refrained from revealing any business secrets, trademarks, patents, publications, and other forms of intellectual properties to others and cannot collect any intellectual property such as business secrets, trademarks, patents, publication, etc. of the company not related to job duty.

There is no customer complaint regarding invasion of privacy or lost customer information in 2019.

### 3.3 Supply Chain Management

- **Supplier Management Policy**

LandMark follows the "Supply Chain Management" to evaluate its suppliers so only those who can pass the evaluation can become our cooperative partners. Besides, according to the RBA regulations set by the company, all major suppliers have been gradually required to sign "Letter of Commitment of supplier of LandMark for Corporate Social Responsibility". Suppliers who transact with the Company also need to follow relevant regulations of "Regulations for Contractor Safety and Health Management" and "Supplier CSR Code of Conduct" formulated by the company to promote corporate social responsibility together.

- **Supplier Audit**

In order to effectively manage the stable quality, delivery time and price of the suppliers, the Company regularly conducts supplier assessment on the abnormal frequency (return rate), delivery time and service, and then determine the subsequent transaction extent with suppliers based on the rating from the assessment results. In 2019, the company conducted supplier quality assessments and audits on a total of five suppliers with a 100% closing rate. In the future, we will keep improving the supply chain management system and through audits and assessments and other measures, we will work with suppliers to fulfill the corporate social responsibility together.

- **Determination and Handling of Assessment Classification**

Class	Scores	Handling for the assessment results
Class A	90 points or above	We will purchase first from those who have been assessed as Class A.
Class B	70~89 points	We keep normal transactions.
Class C	60~ 69points	Those who are assessed as Class C will receive a Supplier Improvement Notice and will be required to propose a corrective plan within three weeks.
Class D	59 points or below	Those who are assessed as Class D will be removed from the qualified supplier list or the company should assist them to become Class A or B supplier.

- **Policy of Not Using Conflict Minerals**

In order to fulfill social responsibility, respect human rights, and keep focusing on conflict minerals issues, the company supports the strategies and practices of RBA and GeSI on conflict metals and promises that it will not purchase conflict metals from conflict areas and require suppliers to issue a letter of commitment to refuse to use such metals. The suppliers will be required to inform its upstream suppliers this requirement as well.

- **Supplier Social Responsibility Commitment**

LandMark has established Supplier CSR Code of Conduct which regulates the code of conduct that its major suppliers must follow for their corporate social responsibility. So far, a total of 13 major suppliers have signed and sent back the “Letter of Commitment of supplier of LandMark for Corporate Social Responsibility”. In the future, the Company will keep the communication with the suppliers and passing on the messages about corporate social responsibility.

<b>Commitment of supplier of LandMark for Corporate Social Responsibility</b>
<p>About employee working condition</p> <ol style="list-style-type: none"> <li>1. Anti-discrimination</li> <li>2. No forced labor</li> <li>3. No child labor</li> <li>4. Employees' working hours must meet international and local legal standards</li> </ol>
<p>Ethically</p> <ol style="list-style-type: none"> <li>1. Business integrity and honesty</li> <li>2. Fair transaction and competition</li> <li>3. No dishonest profit</li> <li>4. The disclosed information must be accurate and complete.</li> <li>5. Respect intellectual property rights</li> <li>6. Protect company's business secrets and employees' personal information</li> <li>7. Respect and protect privacy</li> <li>8. Do not use conflict minerals</li> </ol>
<p>Environmentally</p> <ol style="list-style-type: none"> <li>1. Promise to LandMark' concept to devote in the environment at the forefront of its competitors in the industry and focus on integrating environmental management and operations to provide high-quality product services and high-value customer service experience</li> <li>2. Be able to demonstrate relevant responsibilities and performance of environmental protection at the forefront of its competitors in the industry</li> <li>3. The content of the products must be controlled</li> <li>4. All hazardous substances like hazardous chemicals or other substances should be identified and controlled before being released into the environment to ensure that they are safely handled, transported, stored, used, recycled or reused</li> </ol>
<p>Safety and Health</p> <ol style="list-style-type: none"> <li>1. Occupational safety</li> <li>2. Equipment protection</li> <li>3. Cooperate with LandMark to monitor</li> </ol>

## **4.Environmental Sustainability**

### **4.1 Environmental Sustainability**

#### **Policy**

### **4.2 Climate Change**

### **4.3 Energy Management**

### **4.4 Water Resource Management**

### **4.5 Wastes Management**

### **4.6 Environmental protection**

#### **Expenditure**

## 4.Environmental Sustainability

### 4.1 Environmental Sustainability Policy

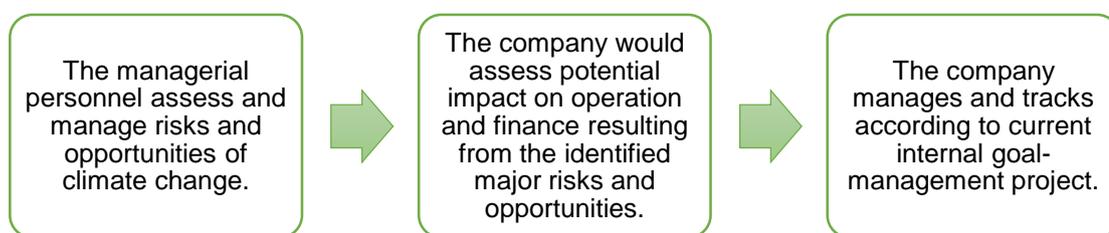
LandMark is a professional Epitaxy House. It uses hydrogen, nitrogen, hydrides, organometallics, and other ingredients to produce semiconductor laser diode, light-emitting diode (LED), photodetector, microwave components, and other optoelectronic elements of epi-wafers. The manufacturing process may generate waste gas, waste water, and other forms of waste. LandMark is aware of the importance of making the best use of resources, conserving energy, reducing waste, and preventing pollution to fulfill environmental protection criteria while making profit. Therefore, LandMark staff is responsible for carrying out eco-friendly, waste-reducing, and pollution-eliminating measures in various operations. The Company is committed to follow environmental protection laws and other regulations to properly dispose waste materials and emit waste water for winning trust of the clients and the society. In regard to the above mentioned issues, LandMark has established the environmental protection policy as below:

- To make the best use of resources, saving energy and reducing wastes, and to reduce the impact of pollution on the environment.
- To respect life, risk management and control, and to reduce the impact of hazards on staffs.
- To keep improving regulatory compliance, and to assist the implementation of Environmental Safety and Health Policy.
- To strengthen the promotion, the prevention of pollution, the implementation of the management system.
- To implement training, observe safety, and to develop the culture of a healthy and safe workplace.
- The full participation, sustainable development, to achieve the environmentally, safely and economically three wins goal.

## 4.2 Climate Change

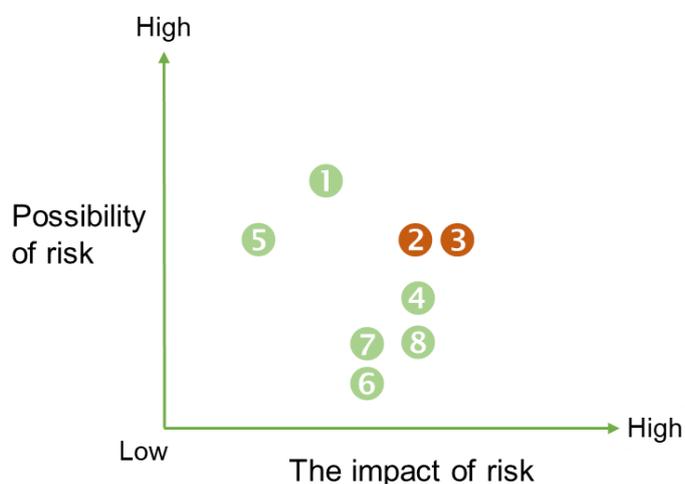
Climate change is a global issue. It has impact on companies regarding the chances and risks in management and market expansion; all companies shall be ready for the challenges. LandMark follows the structure in Task Force on Climate-related Financial Disclosures (TCFD) to identify the risks and opportunities brought by climate change so as to plan measures in response to relevant phenomena.

- Corresponding Measures in response to Climate Change**



- Identified major issues of climate change**

- Major issues of risks
1. More items to be reported in terms of carbon emission and energy conservation rate
  2. Higher Fuel Tax / Energy tax
  3. Increased the cost of raw material
  4. Higher expenses for water resource management and recovery cost after a disaster
  5. Stakeholders have more concerns about relevant issues
- Other issues of risks
6. The uncertainty brought by international criteria on the industry and new regulations
  7. The rising average temperature and radical climate changes
  8. Regulations on renewable energy



The Risk		Major issues of the risk	Measures to alleviate / adapt to the climate change
Transmitted risks	Policy and regulations	<ol style="list-style-type: none"> <li>1. More items to be reported in terms of carbon emission and energy conservation rate</li> <li>2. Higher Fuel Tax / Energy tax</li> </ol>	<ul style="list-style-type: none"> <li>● To establish “Protocols of the operation for inspecting greenhouse gas emission,” record relevant statistical data, and investigate current amount of greenhouse emission. To establish annual goal for energy management and review the performance on the administrative meeting.</li> <li>● To extend the adoption of ISO14001 system operation and energy conservation solutions to reach the annual power conservation rate of 1%.</li> <li>● To install solar power photoelectric system on the roof the factory.</li> </ul>
	Reputation	<ol style="list-style-type: none"> <li>5. Stakeholders have more concerns about relevant issues</li> </ol>	<ul style="list-style-type: none"> <li>● To issue the Company’s annual report and Corporate Social Responsibility Report, and stakeholders can access to relevant information on the Company’s website.</li> </ul>
Physical risks	Extreme weather conditions	<ol style="list-style-type: none"> <li>3. Increased cost of raw material</li> <li>4. Higher expenses for water resource management and recovery cost after a disaster</li> </ol>	<ul style="list-style-type: none"> <li>● To evaluate the risk level of suppliers, keep connection with back-up suppliers, and monitor the cost of procurement.</li> <li>● To set annual goals for water management and review the outcome regularly.</li> <li>● To establish emergency response plan and mechanism as will organize a designated team to resume operation within a short time in an emergency and ensure normal operation during a disastrous event.</li> </ul>
The Opportunity		Measures that may bring opportunities	Measures to alleviate / adapt to the climate change
Opportunities	Resource efficiency	<ul style="list-style-type: none"> <li>● Enhance energy efficiency</li> <li>● Recycle and reuse resources</li> </ul>	<ul style="list-style-type: none"> <li>● To promote optimization of manufacturing procedure, install frequency-variable drive, apply high-efficiency illumination, and other energy conservation measures.</li> <li>● To reuse collected rainwater and recycled water from cooling tower.</li> </ul>
	Market	<ul style="list-style-type: none"> <li>● Rewards and subsidies of public sectors</li> </ul>	<ul style="list-style-type: none"> <li>● To participate in reward projects of relevant policies of green energy.</li> </ul>

- Greenhouse Gas Inspection**

LandMark has been inspecting its greenhouse gas emission since 2016. LandMark inspected CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and other substances announced by concerned authorities. In 2019, the total amount of greenhouse gas emission increased by 8% compared with 2018 mainly because the newly-built plant No.2 in Southern Taiwan Science Park was launched in the fourth quarter in 2019, which caused an increased the over power consumption (purchased electricity).

Year		2017		2018		2019	
Scope	Source	CO <sub>2</sub> Equivalent (Tons of CO <sub>2</sub> e/year)	Percentage (%)	CO <sub>2</sub> Equivalent (Tons of CO <sub>2</sub> e/year)	Percentage (%)	CO <sub>2</sub> Equivalent (Tons of CO <sub>2</sub> e/year)	Percentage (%)
Direct Emissions (Scope1)	Stationed: Emergency power generator	122	2.06	122	1.64	134	1.7
	Mobile: Company car						
	Diffusion: Septic tank facility						
	Process: Etching process						
Indirect Emissions (Scope2)	Purchased power	5,786	97.94	7,336	98.36	7,939	98.3
Total Greenhouse Gas Emission		5,908	100	7,458	100	8,073	100

- Greenhouse Gas Emission Intensity**

In 2019, the intensity of greenhouse gas emission was 3.07 Kilogram of carbon dioxide equivalent emissions / surface area of yield unit cm<sup>2</sup>, with the increase by 7.34% compared with the 2.86 Kilogram of carbon dioxide equivalent emissions / surface area of yield unit cm<sup>2</sup> in 2018.

Item	2017	2018	2019
Greenhouse Gas Emission Intensity (Kilogram / cm <sup>2</sup> )	3.11	2.86	3.07

### 4.3 Energy Management

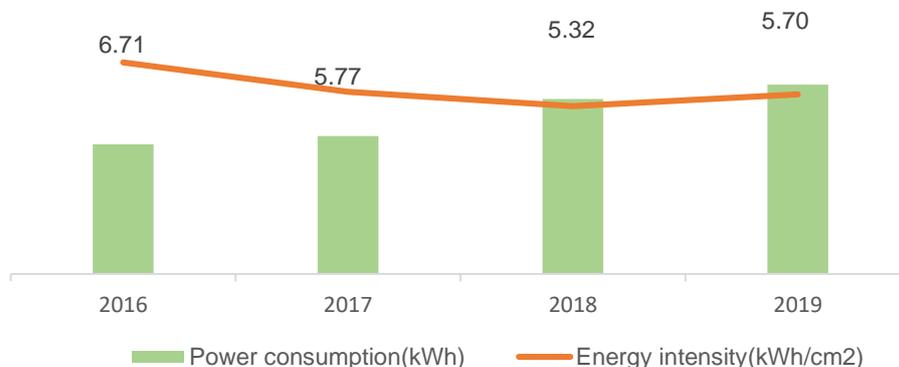
To fulfill the goal of social participation and sustainable operation, LandMark follows the principles of energy consumption and reduction in carbon emission by adopting the energy management system that fulfills international criteria. Proper control is implemented on various electric devices, machines, and equipment for water and electricity conservation to avoid waste of resources. In the future, LandMark will establish green electricity and renewable energy devices with regard to the operation of the company.

- Energy-saving plan and results in recent years**

Year	Relevant measures	Amount of Conserved electricity (KWH)	Total amount of conserved electricity (KWH)
2019	Review and improve the MAU auxiliary wind supply system	65,354	259,874
	Reduce leakage of air conditioning	109,848	
	Improve the emission of waste gas from manufacturing	84,672	
2018	Install the variable-frequency drive to the pump	95,503	141,476
	Install the variable-frequency drive to manufacturing waste water cooling system	37,098	
	Install automatic illumination device in the parking lot and the driveway	8,875	
2017	Install variable-frequency drive to the fan in cooling tower / vacuum pumps	275,272	275,272
2016	Install additional variable-frequency drive to water cooling system / RC device	39,578	39,578

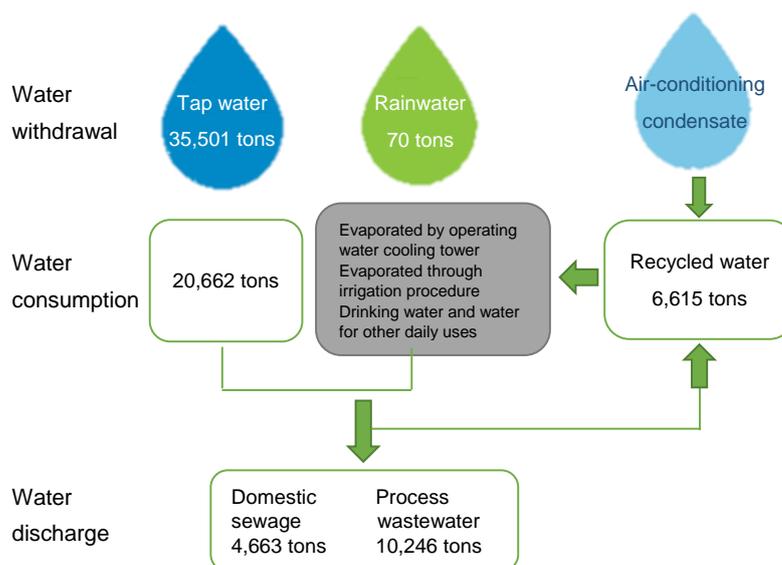
• **Power Consumption**

	2016	2017	2018	2019
Power consumption(MWh)	10,263.8	10,938.2	13,867.8	15,007.6
Energy intensity(kWh/cm2)	6.71	5.77	5.32	5.7



**4.4 Water Resource Management**

As global warming effect gets more severe in recent years, there have been higher risks of water shortage and floods. To lessen the impact of unstable water supply on the operation, LandMark adopts the ISO 14001 management system as the foundation for water resource management and continues to promote measures for recycling, reusing, and conserving water resource. Tap water is the major water source for LandMark; the water is mainly used for cooling towers, manufacturing, and daily using.



• **Water conservation plans and results**

Year	Item	Amount of conserved water (tons / per year)	Total amount of conserved water (tons/per year)
2019	Flush the water tank for hot recycled	80	1,160
	Reduce the leakage of air conditioning as well as the loss of steams from the cooling tower	1,080	
2018	Introduce water emitted from cooling tower to the washing tower	1,080	5,160
	Recycle “condensate” from cooling coil of air conditioner	2,600	
	Emit the recycled pure water and condensed water to cooling tower	1,480	
2017	Regulate proper usage in the pantry room and the toilet	254	2,500
	Recycle “condensate” from cooling coil of air conditioner	2,246	
2016	Install Variable-frequency drive for cooling water, reduce heat consumption and loss from splash	712	712

• **Water consumption**

Item	2016	2017	2018	2019
Tap water consumption (Unit: Tons)	24,741	25,611	31,509	35,501
Intensity of water consumption (Liter / cm2)	16.17	13.51	12.09	13.48



- **Wastewater Treatment**

To ensure proper treatment of the wastewater generated in the factory, normal operation of wastewater treatment and the quality of the water discharged sticks to national standard, the company has dedicated personnel to monitor and analyze the quality of discharged water and record the results to the 'Wastewater Treatment System Daily Checklist' Besides, certified institutions are entrusted to inspect the water quality every six months, and the company should periodically submit reports to authorities concerned according to " Water Pollution Control Measures and Test Reporting Management Regulations" so as to ensure the discharged wastewater complies with the standards of relevant laws & regulations of Southern Taiwan Science Park Bureau.

- **Wastewater test result of 2019**

Item	Ph value	Biochemical oxygen demand (mg/L)	NH4-N(mg/L)	Arsenic (mg/L)	Gallium (mg/L)	Indium (mg/L)
Permissible limit of hazardous substances	5~10	250	250 (Note 1)	0.5	0.1	0.1
Actual test result (Note 2)	8.4	147	103	0.0649	0.033	ND<0.016
Note 1: The permissible limit for wastewater of non-manufacturing process						
Note 2: The highest value in the test is adapted as the actual test result						

- **Treatment and Discharge of wastewater of 2019**

Type	Explanation	Treatment	Amount of emission in 2019 (Unit: tons)
Process wastewater	Wastewater from production process, equipment cleanse, product measurement of equipment, or air conditioning system	<ul style="list-style-type: none"> <li>• Acid and alkaline wastewater: the hazardous substances are excluded in the treatment system, and the water undergoes acid-base neutralization procedure to meet the PH value standard before discharge</li> <li>• Arsenic-containing wastewater: the water undergoes a arsenic removal system (solidification)</li> </ul>	10,246
Domestic sewage	Domestic sewage	The sewage is collected at the sewage processing facility of the building and emitted to the effluent. The septic tank is cleared annually.	4,663
Total amount			14,909

#### 4.5 Wastes Management

LandMark observes the ISO 14001 management procedure and established designated managing unit. It also established the “Regulations for Waste Management and Treatment” that aims to reduce the waste to create recycling protocols and control waste flows to prevent environmental pollution and fulfill the corporate social responsibility.

The wastes from manufacturing procedure of LandMark include regular business waste and hazardous business waste.

- There are recycling depots for regular business waste to be collected and periodically removed by the Center of Recycling of the Southern Taiwan Science Park Bureau.
- There are recycling depots for hazardous business waste to be collected and periodically cleaned by qualified removal services, to qualified waste collection services for treatment.

• **Generation and Treatment of wastes**

Category		2016	2017	2018	2019	Treatment
Hazardous Business Waste	Waste containers	1.07	1.21	1.75	1.85	Cleaning
	Waste solutions (Aqua regia, Hydrofluoric acid)	5.57	2.22	5.16	6.32	Chemical treatment
	Used organic solvent	2.78	3.07	2.97	3.37	Incineration
	Arsenic-containing sludge	28.75	24.60	-	-	Chemical treatment
	Arsenic-containing sludge	-	33.74	108.42	109.64	Solidification
	Flammable waste	0.97	1.20	1.31	1.22	Incineration
	Spent activated carbon	2.56	1.24	1.57	1.36	Incineration
	Yellow phosphorous	0.39	0.62	0.61	1.14	Incineration
	Waste SiC tray	-	0.12	0.27	4.11	Solidification
	Total	42.09	68.02	122.06	129.01	
Regular Business Waste	Regular waste	19.63	18.19	23.49	22.2	Incineration
	Total	19.63	18.19	23.49	22.2	
Total		61.72	86.21	145.55	151.21	

• **Production of hazardous business waste per unit**



- Hazardous Substance Management**

To fulfill the requirement of HSF hazardous substance management and avoid environmental pollution and damage on human health, LandMark observes the international standard of IECQ QC080000 to establish a hazardous substance management system, which fulfills the restrictions of the EU RoHS, the ECHA REACH regulation on chemicals, PFOS/PFOA restrictions, and clients' norms.

Title of Legal Regulation	Required Standard of the Legal Regulation	Fulfillment
European Union RoHS	Regulations on hazardous substances Cadmium (Cd) and its compounds < 100 ppm, Lead (Pb) and its compounds < 1000 ppm, Mercury (Hg) and its compounds < 1000 ppm, Hexavalent chromium (Cr6+) and its compounds < 1000 ppm, Polybrominated biphenyls (PBBs) < 1000 ppm, Polybrominated diphenyl ethers (PBDEs) < 1000 ppm, Dibutyl phthalate (DBP) < 1000 ppm, Butyl benzyl phthalates (BBP) < 1000 ppm, Bis (2-ethylhexyl) phthalate (DEHP) < 1000 ppm, Diisobutyl phthalate (DIBP) < 1000 ppm	V
ECHA REACH	Refer to the latest version of SVHC published by ECHA <a href="https://echa.europa.eu/candidate-list-table">https://echa.europa.eu/candidate-list-table</a> According to the announcement on January 16, 2020, the threshold density of 205 highly concerned substances is < 1000 ppm (0.1%)	V
PFOS/PFOA	PFOS Perfluorooctanesulfonic acid < 0.001% (10 ppm) PFOA perfluorocaprylic acid < 25 ppb	V

#### 4.6 Environmental protection Expenditure

The waste gases from manufacturing procedure includes the organic and inorganic metallic gases. To effectively treat the hazardous gases, the company adopts wet scrubber to clear the hazardous substances from the gas with chemical solutions and emit the clean mixed gas of hydrogen, nitrogen, and air so as to maintain the air quality standard in the surrounding areas.

Environmental Protection Cost in 2019 (Unit: NT\$ thousands)			
Category	Description	Regular Expenditure	Capital Expenditure
Operational Cost	Pollution Prevention Cost	361	10,548
	Wastes Treatment Cost	4,458	
Administrative Cost	Administration Cost	222	
Total		5,041	10,548

## **5. Friendly Workplace and Social Welfare**

### **5.1 Labor Rights**

### **5.2 Talent Recruitment and Cultivation**

### **5.3 Safe and Healthy Workplace**

### **5.4 Social Welfare**

## 5. Friendly Workplace and Social Welfare

### 5.1 Labor Rights

LandMark observes relevant laws of labor rights and respect the internationally recognized labor right guidelines to establish and implement management system and procedure to protect employees’ legal rights and adopt policy of equal employment opportunity. It provides fair and adaptive job opportunities for all applicants and employees, eliminating all forms of discrimination. The principle applies to all practices of recruitment, appointment, training, promotion, remuneration, and welfare. The company observes local laws & regulations, practices “Human Right Policy,” and forbids all forms of forced labor; it never forces or coerces any involuntary personnel to work. In 2019, no complaint cases for forced labor, infringement of employees’ rights or human rights were filed in LandMark.

#### Labor policy

- No forced, debt bonded, indentured or involuntary labors shall be used.
- No child labor is allowed.
- Working hours and recess time shall be in compliance with the Labor Standards Act.
- Wages and benefits paid to employees shall be in compliance with all applicable laws and regulations.
- All employees shall be respected and fairly treated. There is to be no inhumane treatment including any harsh punishment, humiliation or abuse.
- Equal job opportunities are provided to both the candidates and each employee. We shall not engage in discrimination based on race, color, age, gender, sexual orientation, national origin, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment.
- We respect the right of all workers to form and join union in conformance with laws, to openly communicate with management regarding working conditions without fear of reprisal, intimidation or harassment.

- **Remuneration System**

LandMark observes the Labor Standards Act and RBA. As to the system and welfare of employee, of the company shall not discriminate between the ethnicity, religious beliefs, political stances, genders, marital status, or other conditions in the starting salary.

The company adopts a competitive remuneration and compensation system. The salary standard is determined according to the individual conditions of each employee, including the education background, professional skills, professional work experience, and performance regardless of employee's special condition, and the starting salary of different job will not be different because of the genders. To keep a competitive remuneration system, through regular policy review and assessment of market salary standard and Economic indicators, the company would use the market value of employee's professional skills and his/her contribution as the basis along with the performance management system to determine employees' initial emolument, adjust salary, make promotion, appoint positions, and offer training sessions for better incentive plans.

The managerial level would adjust annual bonus according to the operation results, and the sum distributed to each employee is determined with consideration of individual job responsibility, contribution, and performance evaluation outcome. A bonus system is established to offer premium for outstanding employees to motivate the staff for better operation.

- **Performance Evaluation System**

The performance evaluation system of LandMark is established to enhance the performance of each individual employee and the overall development of the organization. The company conducts fair and feasible performance evaluation on employees, which is taken as a reference for each employee's opportunities of promotion, remuneration, and demand for on-the-job training. The under-qualified workers should undertake counseling sessions or be transferred to a suitable department. Should such employee could not fulfill the professional responsibility, the employee should be granted with appropriate grace period and legal documentations according to relevant laws, which would be obligatory for application of unemployment compensation or subsidies for job training program; the employee's right shall be assured. In 2019, the completion rate for performance evaluation is 100% (the number of employees actually evaluated /the number of employees to be evaluated), with the name list excluding contract workers and novice employees who have taken the position for less than three months and staff on leave of absence.

- **Insurance Measure**

LandMark observes the law and enrolls each employee in employment insurance program and national health insurance coverage. It also includes the employees in the group comprehensive insurance (life insurance, casualty insurance, health insurance, etc.) on the day they take office, offering the employees intact workplace assurance. Family members of the employees can enjoy premium discount when they enroll in the company's comprehensive insurance program that provides better insurance coverage.

- **Pension System**

LandMark follows the legal regulations to allot pension fund to employees. One hundred percent of the employees have participated in the pension system. According to Labor Standards Act and Labor Pension Act, employees could keep their old pension system seniority prior to June 30, 2005 and continue to accumulate their old pension system seniority until they choose to switch to the new pension system which they need to do within 5 years starting from June 30, 2005. As to the old pension system seniority, 2% of the monthly salary would be distributed to the retirement reserve funds of Taiwan Bank by the employer only; as to the new pension system seniority, 6% of each employee’s pension ranking would be allotted to the individual pension account. In addition to pension fund (which equals to 6% of the salary) distributed by employers, employees can also choose to allot another 0% ~ 6% of their pension ranking to their individual account for pension fund.

Monthly allotment of labor pension		
Pension System	Proportion of monthly wage allotted to pension	Participation rate of pension system
Old labor pension system (Workers' retirement reserve fund)	Employer 2% Employee 0%	100%
New labor pension system (Individual labor pension accounts)	Employer 6% Employee 0~6%	

- **Employees’ Welfare Committee**

The company has organized “LandMark Employees’ Welfare Committee” (hereinafter referred to as ‘LMOC welfare committee’) according to relevant laws to take care of the labors, remain harmonious labor-employer relation, enhance connection among colleagues, maintain their mental and physical health, as well as encourage appropriate recreations. Members of LMOC welfare

committee are from different departments of the company, with the number of representatives determined by the size of each department and are elected by employees. Regular meetings are convened every season and relevant welfare policies and company activities would be resolved on the meetings. The committee also promotes welfare for all employees, including holiday bonus, subsidies for travel, childbirth, wedding, funeral, and the club activities like sports and recreational events.

- **Leave System**

Total amount of subsidies from welfare committee in 2019		
Item	Total Amount(NT\$)	Number of Applicant
Wedding subsidies	72,200	15
Childbirth subsidies	120,000	24
Funeral subsidies	12,600	6
Total	204,800	45
Note: Employees can apply to the welfare committee for cash gift or subsidies. Husband and wife who are both employees of the company can apply for the subsidies individually.		

LandMark adopts the leave system according to Labor Standards Act and follows legal regulations such as Act of Gender Equality in Employment. Employees can apply for leave of absence for child nursing or recovery from major injury or illness and resume to the position at the end of the leave, which caters to the needs of employees and their family. In 2019, 5 people applied for paternal leave, and the retention rate was 100%; the Company offers a comprehensive Care system.

- Implementation of Unpaid Parental Leave

Category	2019	
	Female	Male
Number of employees eligible to apply for the paternal leave in the current year	11	46
Number of employees applied for paternal leave in the current year	3	2
Number of Employees who planned to resume the position in the current year	0	0
Number of employees who actually resumed the position in the current year	0	0
Number of employees who resumed the position and continue the work for a year	1	1
Application Rate	27%	4%
Reinstatement Rate	0%	0%
Retention Rat	100%	100%
Remarks: 1.The statistics cover full-time employees (those who are on an employment contract with an unspecified term). 2.Number of employees eligible to apply for the paternal leave in the current year: the number of employees who are eligible to apply for paternal leave + number of employees who applied but did not take the paternal leave in the most recent three years (including the current year). 3.Application rate= (the number of employees who applied for paternal leave ÷ the number of employees who were eligible to take a paternal leave in the current year) x 100%. 4.Reinstatement rate = (the number of employees who resumed the original post in the current year ÷ the number of employees who planned to resume the original post) x 100%. 5.Retention rate = (the number of employees who resumed and remained in the original post ÷ the number of employees who resumed the original post) x 100%.		

- Labor-Management Communication

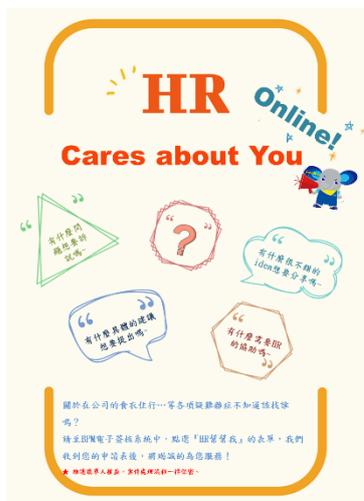
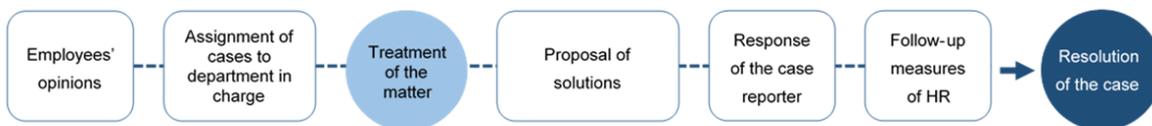
LandMark values the opinions of the staff and it has established various channels for communication. The opinions of the staff would be received and dealt with efficiently.

Guidelines for labor-management meetings have been established, and the meetings are convened regularly by five representatives of the managerial level and five representatives of labors from each department. On the meeting, the employees and managerial staff can

have direct discussion on welfare system, employment condition, workplace improvement, labor-management corporation, and other issues, which can ensure effective communication. In 2019, 4 labor-management meetings have been convened to discuss issues including human right policies, adjustment of work principles, and amendment of regulation. The resolved regulations would be implemented by responsible units.

To encourage direct communication between the common employees and managerial persons, a system for internal proposal was established to ensure the opinion on operation of the company could be fully reflected. Also, in 2019, the online survey “HR Cares About You” was established so that the employees can make immediate report of events. This could ensure more objective and comprehensive treatment on various issues and hopefully enhance the labor-management relationship.

o Procedure of “HR Cares About You” System



## Events to enhance relationship among employees

LandMark considers talents to be the most important asset of the company. Happy employees are the prerequisite of a productive corporate. The company considers the employees' perspective and offers a secure, hygienic, and pleasant working environment. With various activities, employees can cultivate creativity and regain energy at work.

### Family Day Event at Tsou Ma Lai Farm



- ◆ Satisfaction rate of the event reaches 94%
- ◆ Participation rate of the employees increased by 8%



### LandMark Hot Pot Day



- ◆ Satisfaction rate of the event reaches 94%
- ◆ Participation rate of the employees increased by 10%



### **Monthly Gathering for celebration of employees' birthday**

Birthday and Celebration—To reward the hardworking employees, the gathering “GOOD PARTNER—You are the star of LandMark” is held every month. The occasion is to celebrate for employees whose birthday is in the month with complimentary cakes and snacks. The employees who made outstanding proposals for improvement would also be publicly praised on the occasion so as to encourage workers with good performance.



## 5.2 Talent Recruitment and Cultivation

### In-service Staff

At the end of 2019, the company employs a staff of 330. The average age is 36, and the majority of the employees (72%) are 31~50 years old. LanMark does not hire child labor under 16 years old.

- Composition of Contract employees

Type of employment	Gender	Rate
Full-time	Male(%)	74%
	Female(%)	26%
	Number	328
Part-time	Male(%)	50%
	Female(%)	50%
	Number	2
Total	Male(%)	74%
	Female(%)	26%
	Number	330
Remarks:		
1.The number covers all employees as of to December 31 <sup>st</sup> of the year and include those who are on leave of absence and on a paternal leave.		
2.Type of Employment: Full-time employees are those who are on an employment contract with unspecified term, while part-time employees are on an employment contract with specified term.		

### Education

The majority staff in LandMark have bachelor's degree. One hundred and 180 employees have a bachelor's degree, taking up 55%; 87 employees have master's degree, taking up 26%. Overall, 279 employees have degrees higher than college, taking up 85%.

Category	Type	Number	%
Education Background	High School	23	7%
	Junior College	28	8%
	Bachelor	180	55%
	Master	87	26%
	PhD	13	4%
	Total	330	100%

## New Employees

The company hired 50 new employees in 2019. Most of the new employees (58%) are 31~50 years old. What follows next is the group of employees under 30 years old, taking up 40%.

Composition of new employees in 2019		
Age	Male	Female
30 and below	15	5
31-50 years old	16	13
Above 51	1	-
Total	32	18
Percentage(%)	64%	36%

Household Registration data of new employees in 2019		
Type of employment	Area	Percentage(%)
Full-time	Southern Taiwan	72%
	Central Taiwan	14%
	Northern Taiwan	10%
	Eastern Taiwan	2%
	Japanese	2%

## Employee Turnover

In 2019, 45 employees resigned with the turnover of 11.30%, most of them are 31~50 years old (taking up 56%). The rate of resigned employees to the number of 2019 novice employees was 11%. About 38% of the resigned employees left LandMark for “personal career plan.” An interview with the resigned employees revealed that most of them transfer to another industry or change to another work model.

Composition of Resigned Employees in 2019		
Age	Male	Female
30 and below	16	3
31-50 years old	19	6
Above 51	1	-
Total	36	9
Percentage(%)	80%	20%

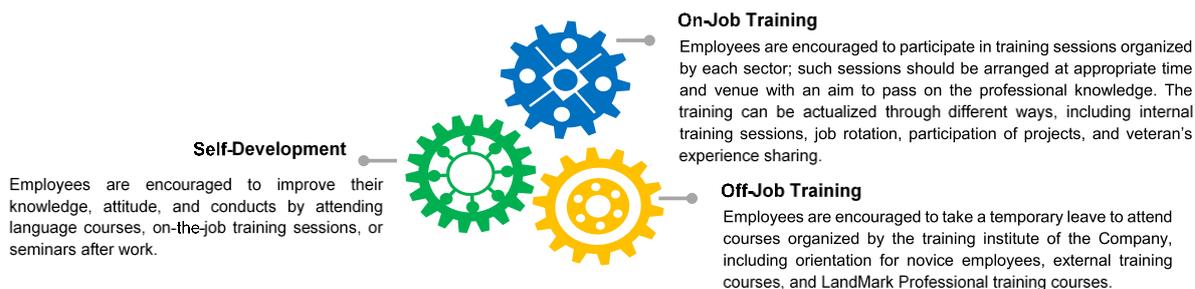
## Retention of Interns for full time hires

LandMark emphasizes connection between theories learned at school and the application in the workplace. It recruits interns from local schools and offer the interns a chance to gain some workplace experience. With the staff member being the workplace mentor, students can put their knowledge into practice and fit themselves in the culture of LandMark. In 2018, LandMark worked with Southern Taiwan University of Science and Technology for an intern project which recruited 6 interns. After finishing the internship, 4 interns retained to be full-time employees with the overall retention rate being 67%.

## Talent Cultivation

Talents are the most important asset and the foundation for corporate development. The devotion for on-the-job training is essential for the competitiveness of the company. LandMark emphasizes cultivating talents and improving competence of the staff. The company also provides individualized and sustainable work environment and upgrades professional competence of the staff. Each employee could win recognition for his devotion, gain confidence, and get the sense of achievement from work. The talent cultivation project includes three aspects: Off Job Training (Off-JT), On the Job Training (OJT), and Self Development(SD). The company offers talent training programs as well as internal/external training resources while encouraging staff to keep improving professional knowledge and cross-field knowledge at the same time.

- Learning Model



## Policy for Training Development

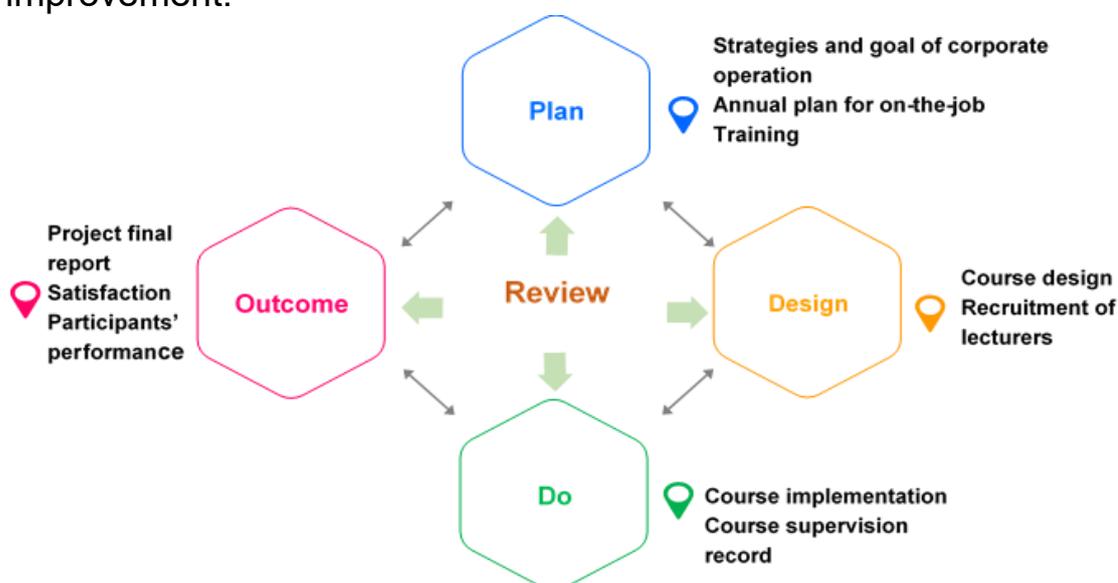
Development of the staff is closely related to the company. So, the company devoted to establish a sustainable and diversified leaning environment. It has the “Staff Education and Training Procedure” to systemize training scheme, integrate internal and external resources, enhance the motivation and competence of the staff, increase individual performance, so as to reach the company’s goal.

## Online Educational Platform

The Company has established the “Human Resource Development System.” New employees can access the learning map of professional training courses after they register. Employees can also search and register various courses on the platform. Also, the Company emphasizes audit on supervisors and transfer external training courses to the internal system. The internal and external ISO audit system is also adopted to evaluate implementation of on-the-job training.

## Outcome of training

The company periodically reflects on and reviews the training system through on-the-job training quality review system PDDRO. It generates a training input and outcome procedure of diversity training to review company’ straining effect so as to keep making continuous improvement.



## Training outcome

In 2019, the company offers 5,394 hour of training courses in total, and 366 people joined the training course, with an average of 14.7-hour training received by each employee, which is 1.2 times of that in 2018.

Year	2017		2018		2019	
Average Training hours	Male	Female	Male	Female	Male	Female
	7.6	8.3	12.3	12.5	15.5	12.5
	2017		2018		2019	
Total training hours	1,967		4,105		5,394	
Average Training hours	7.7		12.4		14.7	

## 5.3 Safe and Healthy Workplace

There is potential threat for security and health in the work environment, so LandMark periodically entrusts certified institutions to inspect operation environment. It also conducts regular examination on the fire prevention facilities, evacuation route, and equipment security and files reports accordingly. The company would improve, maintain and repair the operation areas with potential threat. Limited assess is applied to the highly dangerous areas to avoid entry of irrelevant people. The company established guidelines for chemical usage and offers S.D.S for staff to make them have full understanding about features and hazards of the chemicals.

From 2017 to 2019, 0 cases of injuries from occupational accidents (traffic accidents are excluded) occurred in LandMark, and the disabling injury severity rate was no higher than 0.

## Regulations for work security

Item	Hazardous nature	Protective measures
Replacement of Gas Cylinder	Inhalation of hazardous gases	<ul style="list-style-type: none"> <li>The workers should wear oxygen respirators.</li> <li>Employees should work in pairs.</li> </ul>
Operation of X-Ray Equipment	Radiation hazards on human health	<ul style="list-style-type: none"> <li>The equipment passed the radiation safety test.</li> <li>The task should be performed by operators certified to deal with radioactive equipment.</li> <li>Operators should be equipped with dosimeter.</li> </ul>
Operation of dealing with chemicals	Skin exposure/ Inhalation of hazardous gases	<ul style="list-style-type: none"> <li>Operators should wear protective gears.</li> <li>The operation should be conducted in the fume hood.</li> <li>The company should entrust professional institutions to conduct inspection of the operating environment.</li> </ul>
Cleansing operation of the equipment parts	Skin exposure/ Inhalation of hazardous gas	<ul style="list-style-type: none"> <li>The cleansing area is equipped with hazardous gas detector. The siren would go off when density of hazardous gas exceeds the standard.</li> <li>The cleansing task is operated in negative pressure room to keep the gas from spreading to the surrounding area.</li> <li>The operators should wear protective gloves, aprons, and oxygen respirator.</li> <li>The operation should be conducted in the fume hood.</li> </ul>

## Workplace Safety Measures

- The drinking water should undergo the E. Coli test every two months.
- Monthly inspection is conducted for firefighting equipment (for example: Fire extinguisher, emergency light, fire detector, fire alarm broadcasting systems, etc.)
- The company entrusts certified inspecting institutions to conduct inspection of workplace environment (including the chemicals, noises, CO2, and illumination) every six months.
- The regular emergency evacuation drill is held every six months.
- The mosquito (vector) control and sterilization measures are conducted every six months.
- The company conducts regular safety inspection on the firefighting equipment and evacuation of the building every year and submits reports to authorities concerned.
- The gases room, electrical control room, and cooling tower should have access control to keep irrelevant people out.

### **On-site medical service**

LandMark hires specialist doctors to offer on-site medical service, including health consultation, health care, analysis on dangerous operation, evaluation and consultation on health check items, and other work for health management and health promotion. In 2019, about 33 employees enjoyed such services.

### **Prevention of sexual harassment**

The company protects employees from workplace sexual harassment. It observes Act of Gender Equality in Employment and has established 'Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment at Workplace.' Employees can file complaints about sexual harassment cases through dedicated line and email. With these measures, the company offers a work and service environment without sexual harassment. The company also adopts appropriate measures for prevention, correction, punishment, and treatment, so as to protect the right and privacy of the victims. In 2019, no cases of sexual harassment occurred in LandMark.

### **Health Care**

By launching "We Care" healthcare project, LandMark offers care for the employees concerning their physical, mental, and spiritual health through managing health risks, building healthy workplace environment, making prediction on risks of health; the aim is to help employees reach a work-life balance. Employees' major health issues have been listed according to an analysis on the employees' health check records over the previous three years, and the company has planned the solutions such as hosting seminars on maintaining health and losing weight.

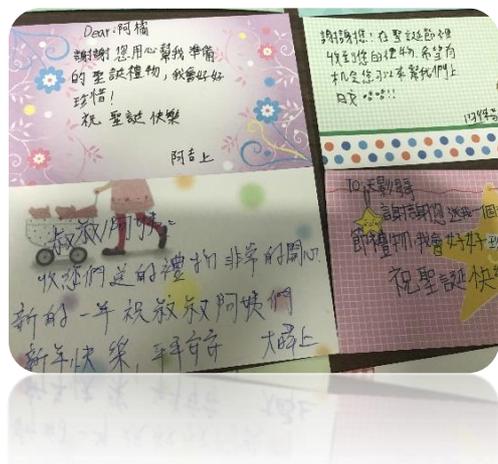
## 5.4 Social Welfare

LandMark aspires to do its part for improving the society. In 2019, the company worked with Tainan Home of Philanthropy in the campaign ‘LandMark ♥ Sharing.’ After asking children about their wishes for Christmas, the staff devoted themselves in realizing such wishes and sent the gifts, which were mainly stationaries, clothes, and shoes, to the kids. Thirty-two members of LandMark staff participated in the event which manifested the principle “giving is better than sharing.”

The Company also worked with “Taiwan Fund for Children and Families Upper Tainan Branch” to launch the “Project of Hope” to offer subsidies to support children with their tuition or daily life expenses, making it possible for these minority children to pursue further proper education. Donation boxes have been set up in various spots of the plant.



Handwritten cards from the kids living in Tainan Home of Philanthropy



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